Taylor Morrison Home Corp
Form 424B3
January 30, 2017
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This preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933, as amended, but is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(3)
Registration Statement No. 333-202431

Subject to completion, dated January 30, 2017

Preliminary prospectus supplement

(To prospectus dated April 17, 2015)

10,000,000 shares

Taylor Morrison Home Corporation

Class A common stock

Taylor Morrison Home Corporation, which we refer to in this prospectus supplement as TMHC, is offering 10,000,000 shares of its Class A common stock.

Our Class A common stock is listed on the New York Stock Exchange under the symbol TMHC. The closing price of our Class A common stock on the New York Stock Exchange on January 27, 2017 was $21.29 per share.

We intend to use all of the net proceeds of this offering, including the net proceeds from any additional shares of Class A common stock purchased by the underwriters pursuant to the option described below, to purchase a portion of the existing investments of the Principal Equityholders (as defined in this prospectus supplement) in our company. After the completion of this offering, our Principal Equityholders will continue to own a majority of the combined voting power of our common stock, have the ability to elect a majority of our Board of Directors and have substantial influence over our governance.

Investing in the Class A common stock involves risks. See Risk Factors beginning on page S-23.

Price $ per share

	Price to public	Underwriting discounts and commissions	Proceeds to company (before expenses)(1)
Per Share	$	$	$
Total	$	$	$

(1) We intend to use all of the net proceeds to purchase a portion of the existing investments of the Principal Equityholders in the Company.

TMHC has granted the underwriters the right to purchase an additional 1,500,000 shares of Class A common stock.

Neither the Securities and Exchange Commission (the SEC) nor any state securities commission has approved or disapproved of these securities, or determined if this prospectus supplement and the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of Class A common stock to purchasers on or about , 2017.

Joint book-running managers

J.P. Morgan **Citigroup** **Credit Suisse**

Joint lead managers

Deutsche Bank Securities **BofA Merrill Lynch** **Goldman, Sachs & Co.**

Wells Fargo Securities **Zelman Partners LLC**

Co-managers

HSBC **TPG Capital BD, LLC** **Comerica Securities**

Prospectus supplement dated , 2017

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Prospectus supplement

Prospectus

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About this prospectus supplement

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering of Class A common stock and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. Generally, when we refer to this prospectus, we are referring to both parts of this document combined. To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus or in any document incorporated by reference that was filed with the Securities and Exchange Commission, or SEC, before the date of this prospectus supplement, on the other hand, you should rely on the information in this prospectus supplement. If any statement in one of these documents is inconsistent with a statement in another document having a later date for example, a document incorporated by reference in the accompanying prospectus the statement in the document having the later date modifies or supersedes the earlier statement.

Neither we nor the underwriters have authorized anyone to provide you with information different from that contained in this prospectus supplement, the accompanying prospectus or any free writing prospectus prepared by us or on our behalf. We and the underwriters take no responsibility for any other information that you may receive. We are offering to sell, and seeking offers to buy, shares of Class A common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus supplement, regardless of the time of delivery of this prospectus supplement or of any sale of the Class A common stock.

This prospectus supplement contains references to our trademarks and service marks and to those belonging to other entities. Solely for convenience, trademarks and trade names referred to in this prospectus supplement and the accompanying prospectus may appear without the ® or symbols, but the omission of such symbols is not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names. We do not intend our use or display of other companies trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

Statement regarding industry and market data

Any market or industry data contained or incorporated by reference in this prospectus supplement and the accompanying prospectus is based on a variety of sources, including internal data and estimates, independent industry publications, government publications, reports by market research firms or other published independent sources. Industry publications and other published sources generally state that the information contained therein has been obtained from third-party sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such information. Our internal data and estimates are based upon information obtained from trade and business organizations and other contacts in the markets in which we operate and our management s understanding of industry conditions, and such information has not been verified by any independent sources. Accordingly, investors should not place significant reliance on such data and information.

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Prospectus supplement summary

This summary highlights information contained elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference. It does not contain all of the information that you should consider before deciding whether to invest in our Class A common stock. You should read this entire prospectus supplement and the accompanying prospectus carefully, including the Risk Factors section and our consolidated financial statements and the notes to those statements incorporated by reference in this prospectus supplement and the accompanying prospectus, before making an investment decision.

In this prospectus supplement, unless otherwise indicated or the context otherwise requires, references to the Company, we, us and our refer (1) subsequent to the Reorganization Transactions (as defined below) and our initial public offering on April 9, 2013, to TMHC and its consolidated subsidiaries, (2) prior to the Reorganization Transactions and following the date of our Acquisition (as defined below) by our Principal Equityholders in July 2011, to TMM Holdings Limited Partnership (TMM Holdings) and its consolidated subsidiaries and (3) prior to the Acquisition, to the North American business of Taylor Wimpey plc.

References to TPG Global are to TPG Global, LLC, and references to TPG are to TPG Global and its affiliates that are invested in New TMM (as defined below) through TPG TMM Holdings II, L.P., which we refer to as the TPG holding vehicle, or are invested directly in the Company. References to Oaktree are to investment funds managed by Oaktree Capital Management, L.P. or their respective subsidiaries that are invested in New TMM through OCM TMM Holdings II, L.P., which we refer to as the Oaktree holding vehicle. References to JHI are to investment funds managed by JH Investments Inc. or its subsidiary that are directly invested in New TMM or indirectly invested in New TMM (see Prospectus Supplement Summary Organizational Structure). References to our Principal Equityholders are references to (i) the affiliates of TPG that are invested in New TMM, (ii) Oaktree and (iii) JHI, collectively. We refer to the formation of TMM Holdings by the Principal Equityholders in March 2011 and the acquisition on July 13, 2011 by TMM Holdings of the company now known as Taylor Morrison Communities, Inc. (together with our former Canadian business) for an aggregate cash consideration of approximately $1.2 billion, as the Acquisition .

Our company

We are one of the largest public homebuilders in the United States. We are also a land developer, with a portfolio of lifestyle and master-planned communities. We provide a diverse assortment of homes across a wide range of price points. We strive to appeal to a broad spectrum of customers in traditionally high growth markets, where we design, build and sell single-family detached and attached homes. We operate under the Taylor Morrison and Darling Homes brand names. We also provide financial services to customers through our wholly owned mortgage subsidiary, Taylor Morrison Home Funding, LLC (TMHF) and title insurance and closing settlement services through our title company, Inspired Title Services, LLC (Inspired Title).

We have operations in Arizona, California, Colorado, Florida, Georgia, Illinois, North Carolina and Texas. Our business is organized into multiple homebuilding operating divisions and a mortgage and title services division, which are managed as multiple reportable segments, as follows:

East	Atlanta, Charlotte, North Florida, Raleigh, Southwest Florida and Tampa
Central	Austin, Dallas and Houston (each of the Dallas and Houston markets include both a Taylor Morrison division and a Darling Homes division)

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West	Bay Area, Chicago, Denver, Phoenix, Sacramento and Southern California
Mortgage Operations	Taylor Morrison Home Funding (TMHF) and Inspired Title Services (Inspired Title)

Our long-term strategy is built on four pillars:

- pursuing core locations;
- building distinctive communities;
- maintaining a culture of operating efficiency; and
- appropriately balancing price with pace in the sale of our homes.

We are committed to building authentic homes and engaging communities that inspire, delight and enhance the lives of our customers. Delivering on this commitment involves thoughtful design and analysis to accommodate the needs of our customers and the surrounding community. The Taylor Morrison difference begins with providing our customers with homes that are both conducive to their lifestyles and that are built to last. We take pride in our quality construction, superior design and customer service. Our dedication to customer service defines our customer experience and acknowledges homeowners suggestions to incorporate style, quality and sustainability into every community we build. Our commitment to quality prioritizes the long-term satisfaction of our homeowners. Our communities are typically built in locations in close proximity to schools and shopping, often have many amenities and public gathering areas, with a focus on delivering superior lifestyles to customers and their families.

In recognition of our commitment to home buyers, we were awarded America s Most Trusted Home Builder® by Lifestory Research in 2016 and 2017, which is based on the reviews of more than 30,000 consumers. We are also ranked the second highest in the active adult resort home builder brands according to Lifestory Research America s Most Trusted® 2016 and 2017 Active Adult Home Builder Brand Study, which was based on almost 11,000 consumers.

Some of our recent acquisitions include our acquisition in April 2015 of JEH Homes, an Atlanta based homebuilder, for a purchase price of approximately $63.2 million, excluding contingent consideration, which yielded approximately 2,000 lots; our acquisition in July 2015 of three divisions of Orleans Homes for a purchase price of approximately $167.3 million, which collectively yielded approximately 2,100 lots in new markets within Charlotte, Chicago and Raleigh, further expanding our geographic footprint; and our acquisition in January 2016 of Acadia Homes in Atlanta for approximately $83.6 million, which yielded approximately 1,100 additional lots with deliveries of homes at price points in the low $400 thousands, allowing us to further diversify our product offerings in the Atlanta market. All the operations acquired in 2015 and 2016 have been fully transitioned to the Taylor Morrison brand.

During 2016, our operations were located in eight states and generated revenue of $3.55 billion, net income from continuing operations of $207.0 million and Adjusted EBITDA of $419.8 million (for a discussion of how we calculate Adjusted EBITDA see footnote 4 under the caption Summary Historical Consolidated Financial and Other Information , and for a reconciliation of Adjusted EBITDA to net income for the year ended December 31, 2016, see Recent Developments). In 2016, we grew our average community count by 19% year over year to 309 active communities, and ended 2016 with $1.5 billion in sales order backlog.

We believe we benefit from a well-located land portfolio, primarily in homebuilding markets that have been leading the U.S. housing recovery. During 2016, we had 309 average active communities and at December 31, 2016 we owned or controlled approximately 38,300 lots. The average sales price of homes closed during the year ended December 31, 2016 was approximately $465,000. During 2016, we sold 7,504 homes, an increase of 12% over the prior year.

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Our competitive strengths

Our business is characterized by the following competitive strengths:

Strong financial performance

We have a profitable and scalable operating model, which we believe positions us well to take advantage of the anticipated continued recovery in the U.S. housing industry. Our operating model allowed us to increase total revenue and net income from continuing operations by 19% and 22%, respectively, in 2016 compared to 2015. We believe that January 2017 is off to a strong start, with a monthly absorption rate expected to be about 20% higher year over year.

We believe that our management approach, which balances decentralized local market expertise with a centralized executive management team focused on maximizing efficiencies, will further grow our profitability. Our operating platform is scalable, which we believe allows us to increase volume while at the same time improving profitability and driving shareholder returns. We have made numerous strategic investments over the past two years that we believe will drive continued operational efficiencies and performance benefits over the next many years.

Attractively located land inventory

We continue to benefit from a sizeable and well-located existing land inventory. At December 31, 2016, we owned or controlled approximately 38,300 lots, which equated to approximately 5.2 years of land supply based on our closings of 7,369 homes in the twelve months ended December 31, 2016. Our land inventory reflects our balanced approach to investments, yielding a distribution of finished lots available for near-term homebuilding operations and strategic land positions to support future growth and we are actively focused on securing land for deliveries in 2019 and beyond. Our significant land inventory allows us to be selective in identifying new land acquisition opportunities and positions us against potential land shortages in markets that exhibit land supply constraints. In addition, some of our holdings represent multi-phase, master-planned communities, which provide us with the opportunity to pursue multiple selling efforts in order to respond to changing market demands. We also believe that our master-planned community holdings allow us to add value through re-entitlements, repositioning and/or opportunistic land sales to third parties.

In 2016, we spent approximately $707.5 million on new land purchases and development. We believe our local, well-established relationships with land sellers, brokers and investors and our knowledge of the local markets allows us to be nimble, to identify attractive land opportunities and to gain access to such sellers, brokers and investors. We also believe that our long-held reputation as a leading homebuilder and developer of land, combined with our balance sheet strength and our active opportunistic purchasing of land through the downturn, gives land brokers and sellers confidence that they can close transactions with us on a timely basis and with minimal execution risk.

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Strong presence in high-growth homebuilding markets

Our strategic market footprint positions us to participate in the U.S. housing market s continued recovery. We focus our operations in states benefiting from positive momentum in housing demand drivers, such as nationally leading population and employment growth trends, migration patterns, housing affordability and desirable lifestyle and climate characteristics. The eight states in which we operate accounted for 41% of the total 2015 U.S. population of 321 million and 49% of the 1.2 million building permits issued for privately owned homes in 2016.

We maintain leading market share positions in our markets, with a top five market share rank in five of our markets and a top 10 market share rank in an additional nine markets, based on data compiled by MetroStudy for the 11 months ended November 2016. In addition, we believe we have attractive opportunities to increase our market positions in many of our newer markets.

We believe that our geographic footprint and our leading market share positions enable us to capture the benefits of expected increases in home volumes and home prices as demand for new homes grows.

Expertise in delivering consumer-oriented lifestyle communities

We offer award-winning home designs through our single-family detached and single-family attached products. The majority of our business is focused on creating communities that attract more financially secure buyers, including among first-time, move-up and 55+ customers, though we remain committed to also offering communities that capture first-time buyers at more affordable, entry-level prices. We also believe we possess the expertise and track record in designing and delivering lifestyle products and amenities that appeal to active adult buyers. We believe that maintaining a healthy mix of communities and focusing on homebuyer demand is key to remaining competitive in the market.

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Our mortgage and title services companies allow us to more effectively convert sales orders backlog into home closings

We directly originate, underwrite and fund mortgages for our homebuyers through TMHF, our wholly owned mortgage lending company. TMHF helps ensure and enhance the customer experience, prequalifies buyers earlier in the home buying process, provides visibility in converting our sales order backlog into closings and is a source of incremental revenues and profitability. TMHF maintains relationships with several correspondent lenders to mitigate risk. We believe TMHF provides a competitive advantage relative to homebuilders without mortgage operations, since many of our buyers prefer an integrated home buying experience. While we believe many other homebuilders with mortgage operations use a single lender, our multi-lender platform provides us with the ability to leverage a broad range of products, underwriting and pricing options for the benefit of our buyers.

Inspired Title offers title insurance agency and title insurance and closing settlement services to our homebuyers in our Texas and Florida markets, and we plan to expand these services to certain of our additional markets in the future. Inspired Title competes against other title insurers and escrow agents that provide similar services.

Conservative balance sheet and disciplined capital allocation strategy

We are well-positioned with a healthy balance sheet and sufficient liquidity to service our debt obligations, support our ongoing operations and take advantage of growth opportunities. At December 31, 2016, we had $1.6 billion in outstanding indebtedness and a net homebuilding debt to capitalization ratio of 33.7% (for a discussion of how we calculate our net homebuilding debt to capitalization ratio see footnote 5 under the caption Summary Historical Consolidated Financial and Other Information , and for a reconciliation of net homebuilding debt to total debt as of December 31, 2016, see Recent Developments). Also at December 31, 2016, we had $300.2 million of unrestricted cash and no borrowings and $31.9 million letters of credit drawn under our $500 million senior revolving credit facility (the Revolving Credit Facility). All of our senior notes have coupons below 6% and less than 22% of our approximately $1.6 billion of currently outstanding debt matures before 2021.

We maintain a disciplined approach to capital allocation and we continually assess our capital allocation strategy to drive long-term shareholder returns. We are focused on maintaining a strong liquidity position and we regularly evaluate and prioritize the following opportunities for our capital deployment: organic investment and reinvestment in the business, acquisition opportunities to increase diversification through accretive transactions in new markets, use of excess cash to opportunistically refinance or repay debt, and return of excess cash to shareholders. We believe this investment strategy and prioritization is a critical component in driving short-term performance while securing the long-term health of the overall business.

Highly experienced management team

We benefit from an experienced management team that has demonstrated the ability to generate positive financial results and adapt to constantly changing market conditions. In addition to our corporate management team, our division presidents bring substantial industry knowledge and local market expertise, having significant experience in the homebuilding industry. Our success in land acquisition and development is due in large part to the caliber of our local management teams, which are responsible for the planning, design, entitlements and eventual execution of the entire community.

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Our strategy

We recognize that the housing market is cyclical and home price volatility between the peak and valley of cycles can be significant. We seek to maximize shareholder value over the long-term and operate our business to capitalize on market appreciation value and mitigate risks from market downturns. We believe we are well-positioned for growth throughout market fluctuations through disciplined execution of the four pillars of our business strategy, which are described in more detail as follows:

Opportunistic land acquisition in core locations in close proximity to job clusters, strong school districts and amenities

In order to deliver aspirational homes, we purchase well-located land and focus on developing attractive neighborhoods and communities near areas of relatively high employment, with good access to strong schools and with desirable lifestyle amenities. Our ability to identify, acquire and develop land in desirable locations and on favorable terms is critical to our success. As the housing cycle has matured, we have continued to shift our focus towards shorter, less-capital intensive opportunities that are accretive to the portfolio. On average, our land bank had approximately 5.2 years of supply at December 31, 2016, which allows us to be disciplined and selective in land acquisitions, a key element to the success of our strategy. We believe that our attractive land portfolio will position us to generate favorable returns and enable us to be opportunistic in acquiring new land.

We evaluate land opportunities based on how we expect they will contribute to overall profitability and shareholder returns, rather than how they might drive volume on a regional or submarket basis. We continue to use our local relationships with land sellers, brokers and investors to seek the first look at quality land opportunities. We expect to continue allocating capital with the goal of achieving superior returns by utilizing our development expertise, efficiency and opportunistic mindset.

We believe we are able to increase the value of our land portfolio through zoning and engineering processes by creating attractive land use plans, which ultimately translate into greater opportunities to generate profits.

We selectively evaluate expansion in our existing markets as well as in new markets that exhibit positive long-term fundamentals. We have successfully acquired and integrated homebuilding businesses in the past, and intend to utilize our experience in integrating businesses as opportunities for acquisitions arise.

Distinctive communities driven by consumer preferences and a research-based approach to underwriting

We develop communities and build homes in which our customers aspire to live. Our goal is to identify the preferences of our customers according to demographic group and offer them innovative, high-quality homes. To achieve this goal, we conduct extensive market research to determine preferences of our customer groups and guide our underwriting process. We have identified various consumer groups by focusing on particular demographics, lifestyle preferences, tastes and attributes and the evolving wants and needs of these distinct groups.

Our approach to consumer group segmentation guides all of our operations, from our initial land acquisition through our design, building, marketing and delivery of homes and our ongoing after-sales customer service. Among our peers, we believe we are at the forefront of directed-marketing strategies, as evidenced by our highly-trafficked website which provides innovative tools that are designed to enhance our customers home buying experience.

We are committed to increasing our customer service beyond the sale and closing of the home, which we believe results in improved brand loyalty, enhances the customer experience and encourages customer referrals, resulting in lower customer acquisition costs and increased home sales.

Culture of operating efficiency

We are committed to maintaining a culture of operating efficiency. We seek to maintain overhead efficiency in the top quartile of our industry, a strong balance sheet and sufficient liquidity to execute our growth plan. Our performance-based company culture, combined with localized day-to-day decision making, enhances the efficiency of our operations. Centralized management approval of all land acquisitions and dispositions and controlled underwriting requirements ensure effective identification of land opportunities.

During 2016, we made additional investments in people, processes and tools in order to further optimize our operating model going forward, including by making investments in our customer relationship management technology in order to enhance the efficiency of our customer relations and our overall customer experience. We anticipate numerous benefits from these recent investments to flow through our business and ultimately through our financials in 2017 and beyond.

We believe that our efficient operational structure, together with our commitment to integrity, ethics and professionalism, allows us to selectively attract and retain a superior employee base that minimizes turnover and further contributes to operational efficiencies.

Optimizing profitability while achieving desired sales pace

Our philosophy of a balanced pricing strategy that optimizes price and volume continues to be our operational priority. We evaluate our product releases, pricing and sales strategies at a submarket level in order to take advantage of competitive supply and demand dynamics, thereby optimizing profitability while achieving desired sales pace and return metrics.

Recent developments

The following unaudited consolidated financial information for the three and twelve months ended December 31, 2016 was prepared in accordance with accounting principles generally accepted in the United States for interim financial information and otherwise in a manner consistent with our audited consolidated financial statements. In our opinion, the following unaudited consolidated financial information contains all adjustments (consisting only of normal recurring accruals) necessary to present fairly the results of our consolidated operations for the three and twelve months ended December 31, 2016. The following unaudited consolidated financial information has not been complied or examined by our independent auditors and is subject to revision as we prepare our financial statements and other disclosures for the three and twelve months ended December 31, 2016.

We anticipate filing our Annual Report on Form 10-K on or about February 17, 2017.

Key results for the three months ended December 31, 2016

Net sales orders were 1,701, an 18% increase from the prior year quarter.

Home closings were 2,425, a 17% increase from the prior year quarter.

Total revenue was $1.2 billion, a 23% increase from the prior year quarter.

GAAP home closings gross margin, inclusive of capitalized interest, was 17.8%.

Net income from continuing operations for the quarter was $76 million, with earnings per share of $0.63, an increase of nearly 19% in earnings per share from the prior year quarter.

Key results for the year ended December 31, 2016

Net sales orders were 7,504, a 12% increase from the prior year.

Home closings were 7,369, a 17% increase from the prior year.

Total revenue was $3.6 billion, a 19% increase from the prior year.

GAAP home closings gross margin, inclusive of capitalized interest, was 18.2%.

Net income from continuing operations for the year was $207 million, with earnings per share of $1.69, an increase of 22% in earnings per share from the prior year.

Additional results of operations for the three and twelve months ended December 31, 2016

Home Closings Revenue. Total home closings revenue of $1,154.4 million for the three months ended December 31, 2016 increased 23.5% from $934.8 million in the same period in 2015. Total home closings revenue of $3,425.5 million for the twelve months ended December 31, 2016 increased 18.5% from $2,890.0 million in the same period in 2015.

Average Price of Homes Closed. The average price of homes closed in the fourth quarter of 2016 was $476,000, an increase of 5.3% as compared to the fourth quarter of 2015. The average price of homes closed in full year 2016 was $465,000, an increase of 1.5% as compared to full year 2015.

Home Closings Gross Margin. Home closings gross margin, inclusive of capitalized interest, was 17.8% for the fourth quarter of 2016 and was 18.2% for the year-ended December 31, 2016. Home closings gross margin, inclusive of capitalized interest, when adjusted for a $3.5 million impairment charge taken in the fourth quarter related to three properties in the Chicago area, was 18.1% for the fourth quarter of 2016 and 18.3% for the full year 2016 (for a discussion of how we calculate adjusted home closings gross margin, see footnote 3 under the caption Summary Historical Consolidated Financial and Other Information ; and for a reconciliation of adjusted home closings gross margin, including home closings gross margin adjusted for impairments, to home closings revenue, net, for the quarter and year ended December 31, 2016, see the tables below).

Selling, General and Administrative Expenses (SG&A). SG&A was $105.4 million, or 9.1% of home closings revenue, for the fourth quarter of 2016, constituting a 20 basis point decrease from the fourth quarter of 2015. SG&A was $361.8 million, or 10.6% of home closings revenue, for the year ended December 31, 2016, constituting a 40 basis point increase from the year ended December 31, 2015.

Backlog and average active selling communities

Backlog of Homes Under Contract. As of December 31, 2016, we had a backlog of 3,131 homes with an approximate aggregate value of $1,531.9 million.

Average Active Selling Community Count. We had 299 average active selling communities for the fourth quarter of 2016, constituting an increase of 4.5% over the fourth quarter of 2015. We had 309 average active selling communities for the year ended December 31, 2016, constituting an increase of 19.3% over the prior year.

Balance sheet

Cash and Capitalization. We ended 2016 with $300 million in cash and a net homebuilding debt to capitalization ratio of 33.7% (for a discussion of how we calculate net homebuilding debt to capitalization see

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footnote 5 under the caption Summary Historical Consolidated Financial and Other Information , and for a reconciliation of net homebuilding debt to total debt as of December 31, 2016, see the tables below).

Total Real Estate Inventory. Homebuilding inventories were $3.0 billion at December 31, 2016 with 3,920 homes in inventory, compared to 3,851 homes at the end of the prior year. Homes in inventory at December 31, 2016 consisted of 2,322 sold units, 412 model homes and 1,186 inventory units, of which 238 were finished. We owned or controlled approximately 38,300 lots at December 31, 2016, representing 5.2 years of supply based on the rate of home closings we experienced during 2016.

Debt and Stockholders Equity. As of December 31, 2016, our total debt was $1.6 billion and total stockholders equity was $2.2 billion.

Reconciliation of Non-GAAP financial measures

The following table sets forth a reconciliation of adjusted home closings gross margin to home closings gross margin, which is the U.S. GAAP financial measure that management believes to be most directly comparable:

Home closings gross margin reconciliation continuing operations

	Three months ended December 31,		Twelve months ended December 31,	
(Dollars in thousands)	**2016**	**2015**	**2016**	**2015**
Home closings revenue	$ 1,154,367	$ 934,798	$ 3,425,521	$ 2,889,968
Cost of home closings	949,015	764,131	2,801,739	2,358,823
Home closings gross margin	**205,352**	**170,667**	**623,782**	**531,145**
Impairment charge	3,473		3,473	
Home closings gross margin, adjusted for impairment	**208,825**	**170,667**	**627,255**	**531,145**
Capitalized interest amortization	30,819	24,560	90,851	83,163
Adjusted home closings gross margin	**$ 239,644**	**$ 195,227**	**$ 718,106**	**$ 614,308**
Home closings gross margin as a percentage of home closings revenue	17.8%	18.3%	18.2%	18.4%
Home closings gross margin, adjusted for impairment as a percentage of home closings revenue	18.1%	18.3%	18.3%	18.4%
Adjusted home closings gross margin as a percentage of home closings revenue	20.8%	20.9%	21.0%	21.3%

For a discussion of how we calculate adjusted home closings gross margin, see footnote 3 under the caption Summary Historical Consolidated Financial and Other Information .

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The following table sets forth a reconciliation of EBITDA and Adjusted EBITDA to net income from continuing operations, which is the U.S. GAAP financial measure that management believes to be most directly comparable:

Adjusted EBITDA reconciliation

(Dollars in thousands)	Three months ended December 31, 2016	Three months ended December 31, 2015	Twelve months ended December 31, 2016	Twelve months ended December 31, 2015
Net income from continuing operations	**$ 76,111**	**$ 64,989**	**206,563**	**170,986**
Interest income, net	(35)	(26)	(184)	(192)
Amortization of capitalized interest	30,819	24,560	90,851	83,163
Income tax provision	40,945	35,568	107,643	90,001
Depreciation and amortization	972	1,180	3,972	4,107
EBITDA	**148,812**	**$ 126,271**	**408,845**	**348,065**
Gain on foreign currency forward				(29,983)
Early extinguishment of debt				33,317
Non-cash compensation expense	1,954	2,169	10,913	7,893
Adjusted EBITDA	**150,766**	**$ 128,440**	**419,758**	**359,292**

For a discussion of how we calculate EBITDA and Adjusted EBITDA, see footnote 4 under the caption Summary Historical Consolidated Financial and Other Information .

The following table sets forth a reconciliation of net homebuilding debt to total debt, which is the U.S. GAAP financial measure that management believes to be most directly comparable, and a calculation of the net homebuilding debt to capitalization ratio:

Net homebuilding debt to capitalization ratio reconciliation

(Dollars in thousands)	As of December 31, 2016
Total debt	$ 1,586,533
Unamortized debt issuance costs	12,516
Less mortgage warehouse borrowings	(198,564)
Total homebuilding debt	**$ 1,400,485**
Less cash and cash equivalents	(300,179)
Net homebuilding debt	**$ 1,100,306**
Total equity	2,160,202
Total capitalization	**$ 3,260,508**
Net homebuilding debt to capitalization ratio	**33.7%**

For a discussion of how we calculate our net homebuilding debt to capitalization ratio, see footnote 5 under the caption Summary Historical Consolidated Financial and Other Information .

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Our principal equityholders

Affiliates of the Principal Equityholders formed TMM Holdings in March 2011, and on July 13, 2011, TMM Holdings acquired the company now known as Taylor Morrison Communities, Inc. together with our former Canadian business for aggregate cash consideration of approximately $1.2 billion.

On April 12, 2013, TMHC completed its initial public offering of 32,857,800 shares of Class A common stock. In connection with the initial public offering, TMHC and its subsidiaries completed various reorganization transactions on April 9, 2013 (the Reorganization Transactions). Following TMHC s initial public offering, the Principal Equityholders beneficially owned a majority of TMHC s voting securities. The Principal Equityholders, together with management and our Board of Directors, currently collectively control 74.5% of the voting power of TMHC, and following this offering will continue to control 66.1% of the voting power of TMHC.

TPG

TPG is a leading global alternative investment firm founded in 1992 with over $74 billion of assets under management as of September 30, 2016 and offices in San Francisco, Fort Worth, Austin, Beijing, Boston, Dallas, Hong Kong, Houston, Istanbul, London, Luxembourg, Melbourne, Moscow, Mumbai, New York, São Paulo and Singapore.

Oaktree

Oaktree Capital Management, L.P. (Oaktree Capital Management), together with its affiliates, is a leader among global investment managers specializing in alternative investments, with $101 billion in assets under management as of December 31, 2016. The firm emphasizes an opportunistic, value-oriented and risk-controlled approach to investments in distressed debt, corporate debt (including high yield debt and senior loans), control investing, convertible securities, real estate and listed equities. Headquartered in Los Angeles, the firm has over 900 employees and offices in 18 cities worldwide.

JH investments

JH Investments Inc. (JHI) is a Vancouver, Canada-based private company with investments in a wide variety of businesses, including real estate development in Canada and the United States, an international resort development and consulting business operated through RePlay Resorts and an alternative energy business operated through Elemental Energy.

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Organizational structure

The following chart summarizes our legal structure prior to and following this offering and the application of the net proceeds from this offering (assuming the underwriters do not exercise their option to purchase additional shares of Class A common stock). This chart is provided for illustrative purposes only and does not purport to represent all legal entities owned or controlled by us:

Following this offering:

(1) Public Investors:

Will hold Class A common stock: 33.9% voting power in TMHC / 100% economic interests in TMHC

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(2) TPG holding vehicle: This holding vehicle is controlled by TPG and its limited partners are TPG funds, JHI and members of Management and the Board

Will hold Class B common stock: Approximately 32.6% voting power in TMHC / No economic rights in TMHC

Will hold approximately 32.6% of New TMM s LP interests / No voting rights New TMM

In addition, affiliates of TPG, other than the TPG holding vehicle, hold approximately 1.5 million shares of Class A common stock, which are included in the holdings of public investors above.

(3) Oaktree holding vehicle: This holding vehicle is controlled by Oaktree and its limited partners are Oaktree funds, JHI and members of Management and the Board

Will hold Class B common stock: Approximately 32.6% voting power in TMHC / No economic rights in TMHC

Will hold approximately 32.6% of New TMM s LP interests / No voting rights in TMM

(4) TMHC Ownership of New TMM: Represents direct ownership of approximately 33.9% of New TMM s LP interests with 100% indirect voting power

(5) JHI Entity:

Will hold no Class B common stock, voting power in TMHC or economic rights in TMHC

Will hold no New TMM s LP interests or voting rights in New TMM

(6) TMHC Management & Board:

Will hold Class B common stock: Approximately 1.0% voting power in TMHC / No economic rights in TMHC

Will hold approximately 1.0% of New TMM s LP interests / No voting rights in New TMM

(7) Exchange Terms: One New TMM limited partnership interest (each, a New TMM Unit), coupled with one share of Class B common stock, is exchangeable for one share of Class A common stock

(8) Formerly known as Monarch Communities Inc.

(9) Formerly known as Monarch Parent Inc.

Corporate and other information

Our principal executive offices are located at 4900 N. Scottsdale Road, Suite 2000, Scottsdale, Arizona 85251 and the telephone number is (480) 840-8100.

We also maintain internet sites at *http://www.taylormorrison.com* and *http://www.darlinghomes.com*. Our websites and the information contained in our websites or connected to our websites are not and will not be deemed to be incorporated in this prospectus supplement and the accompanying prospectus, and you should not consider such information part of this prospectus supplement and the accompanying prospectus or rely on any such information in making your decision whether to purchase the shares.

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The offering

Issuer	Taylor Morrison Home Corporation.
Class A common stock offered	10,000,000 shares (assuming the underwriters do not exercise their option to purchase additional shares of Class A common stock).
Underwriters option	We have granted to the underwriters an option to purchase up to 1,500,000 additional shares of Class A common stock from us at the public offering price (less underwriting discounts and commissions) for a period of 30 days from the date of this prospectus supplement.
Class A common stock outstanding	As of January 27, 2017, we had 30,486,858 shares of Class A common stock outstanding. After giving effect to this offering and the use of proceeds therefrom, as of January 27, 2017, we would have had 40,486,858 shares of Class A common stock outstanding.
Class B common stock to be outstanding after this offering and use of proceeds therefrom	As of January 27, 2017, we had 88,940,914 shares of Class B common stock outstanding. After giving effect to this offering and the use of proceeds therefrom, as of January 27, 2017, we would have had 78,940,914 shares of Class B common stock outstanding.
	Each share of our Class B common stock has one vote on all matters submitted to a vote of stockholders but has no economic rights (including no rights to dividends or distributions upon liquidation). Shares of our Class B common stock are held by the TPG and Oaktree holding vehicles, JHI and certain members of our management and our Board of Directors, in an amount equal to the number of New TMM Units held by these holding vehicles, JHI and certain members of our management and our Board of Directors, respectively. The aggregate voting power of the outstanding Class B common stock is equal to the aggregate percentage of New TMM Units held by the TPG and Oaktree holding vehicles, JHI and certain members of our management and our Board of Directors. See the section entitled Description of Capital Stock in the accompanying prospectus. New TMM Units (along with a corresponding number of shares of our Class B common stock) held by the TPG and Oaktree holding vehicles, JHI and certain members of our management and our Board of Directors may be exchanged at any time for shares of our Class A common stock on a one-for-one basis, subject to customary exchange rate adjustments for stock splits, stock dividends and reclassifications. When a New TMM Unit and the corresponding share of our Class B common stock are exchanged by a limited partner of New TMM for a share of Class A common stock, the corresponding share of our Class B common stock will be canceled.

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Voting rights	One vote per share; Class A common stock and Class B common stock vote together as a single class on all matters submitted to a vote of stockholders. See the section entitled Description of Capital Stock in the accompanying prospectus incorporated herein by reference.
Use of proceeds	Assuming an offering price equal to the closing price of our Class A common stock on January 27, 2017, of $21.29 per share on the New York Stock Exchange, we estimate that the net proceeds from the sale of our Class A common stock in this offering before the payment of expenses will be approximately $ million ($ million if the underwriters exercise their option to purchase additional shares in full). TMHC will use all of the net proceeds to purchase New TMM Units (at a price equal to the price paid by the underwriters for shares of our Class A common stock in this offering) from the TPG and Oaktree holding vehicles and JHI. To the extent that the underwriters option to purchase additional shares is exercised, the additional net proceeds will be used to purchase additional New TMM Units from the TPG and Oaktree holding vehicles. For additional information, see Use of Proceeds.
Dividend policy	We do not intend to pay dividends on our Class A common stock or to make distributions from New TMM to its limited partners (other than to TMHC to fund its operations). We plan to retain any earnings for use in the operation of our business and to fund future growth.
Listing	Our Class A common stock is listed on the New York Stock Exchange under the symbol TMHC.
Risk factors	Investing in our Class A common stock involves a high degree of risk. You should carefully read and consider the information under Risk Factors, together with all of the other information set forth or incorporated by reference in this prospectus supplement and the accompanying prospectus, before deciding to invest in our Class A common stock.
Conflicts of Interest	Affiliates of TPG Capital BD, LLC, an underwriter of this offering, beneficially own in excess of 10% of our issued and outstanding common stock. In addition, the TPG holding vehicle is an affiliate of TPG Capital BD, LLC, and will indirectly receive more than 5% of the net proceeds of this offering. As a result of the foregoing relationships, a conflict of interest is deemed to exist within the meaning of FINRA Rule 5121. Accordingly, this offering will be made in compliance with the applicable provisions of FINRA Rule 5121. Pursuant to that rule, the appointment of a qualified independent underwriter is not necessary in connection with this offering. In accordance with FINRA Rule 5121(c), no sales of the shares will be made to any discretionary account over which TPG Capital BD, LLC exercises discretion without the prior specific written approval of the account holder. See Use of Proceeds and Underwriting (Conflicts of Interest).

The number of shares of Class A common stock outstanding as of January 27, 2017 excludes 2,408,488 shares of Class A common stock that are subject to options outstanding as of January 27, 2017, under the Taylor Morrison 2013 Omnibus Equity Incentive Plan (as amended and restated, the 2013 Plan) with a weighted average exercise price of $17.08 per share of Class A common stock, of which 1,775,405 are unvested, and

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1,342,724 shares of Class A common stock that are issuable under restricted stock units outstanding as of January 27, 2017, under the 2013 Plan. In addition, as of January 27, 2017, there were 4,169,100 shares of Class A common stock reserved for issuance in respect of stock options, restricted stock units or other awards pursuant to the 2013 Plan. For more information regarding the 2013 Plan, see Compensation Discussion and Analysis in our Definitive Proxy Statement on Schedule 14A filed with the SEC on April 12, 2016, incorporated herein by reference.

Except as otherwise indicated, all information in this prospectus supplement assumes:

- our outstanding shares of Class A common stock and Class B common stock are based on the outstanding shares as of January 27, 2017;

- no exercise of the underwriters option to purchase additional shares of Class A common stock; and

- 1,147,948 shares of Class A common stock are reserved for issuance upon the exchange of New TMM Units (along with the corresponding number of shares of our Class B common stock), as of January 27, 2017.

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Summary historical consolidated financial and other information

We have presented below summary historical financial information of TMHC and its consolidated subsidiaries for the periods presented.

In connection with the decision to sell our Canadian business in December 2014, the operating results associated with our Canadian business are classified as discontinued operations. See Note 1 and Note 5 to the consolidated financial statements of TMHC, incorporated by reference in this prospectus supplement, for information regarding the treatment of that segment as discontinued operations. Our Canadian business was sold to a third party on January 28, 2015.

The summary consolidated financial information of TMHC set forth below as of and for the years ended December 31, 2015, December 31, 2014 and December 31, 2013 has been derived from the audited consolidated financial statements of TMHC. The summary consolidated financial information of TMHC set forth below as of and for the nine months ended September 30, 2016 and September 30, 2015 has been derived from unaudited financial statements of TMHC. In each case, such financial statements are incorporated by reference in this prospectus supplement and the accompanying prospectus.

The summary historical consolidated financial information presented below does not purport to be indicative of results of future operations and should be read together with the Consolidated and Combined Financial Statements and related notes of TMHC, which are incorporated by reference herein, and the information included under the caption Management s Discussion and Analysis of Financial Condition and Results of Operations incorporated by reference in this prospectus supplement from each of TMHC s annual report on Form 10-K for the year ended December 31, 2015 and TMHC s quarterly report on Form 10-Q for the quarter ended September 30, 2016, as well as the information under the captions Use of Proceeds and Capitalization in this prospectus supplement.

	Year ended December 31,			Nine months ended September 30,	
(dollars in thousands)	**2015**	**2014**	**2013**	**2016**	**2015**
Statement of Operations Data:					
Home closings revenue, net	$ 2,889,968	$ 2,619,558	$ 1,857,950	$ 2,271,154	$ 1,955,170
Land closings revenue	43,770	53,381	27,760	44,957	22,712
Mortgage operations revenue	43,082	35,493	30,371	36,951	28,794
Total revenues	2,976,820	2,708,432	1,916,081	2,353,062	2,006,676
Cost of home closings	2,358,823	2,082,819	1,457,454	1,852,724	1,594,691
Cost of land closings	24,546	39,696	26,316	20,497	13,152
Mortgage operations expenses	25,536	19,671	16,446	22,594	18,120
Gross margin	567,915	566,246	415,865	457,247	380,713
Sales, commissions and other marketing costs	198,676	168,897	127,419	165,300	136,724
General and administrative expenses	95,235	81,153	77,198	91,078	70,171
Equity in income of unconsolidated entities	(1,759)	(5,405)	(2,895)	(4,734)	(1,408)
Interest (income) expense, net	(192)	1,160	842	(149)	(165)
Other expense, net	11,634	18,447	2,842	8,602	11,625

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(dollars in thousands)	Year ended December 31, 2015	2014	2013	Nine months ended September 30, 2016	2015
Loss on extinguishment of debt	33,317		10,141		33,317
Indemnification and transaction expenses			195,773		
Gain of foreign currency forward	(29,983)				(29,983)
Income from continuing operations before income taxes	260,987	301,994	4,545	197,150	160,432
Income tax provision (benefit)	90,001	76,395	(23,810)	66,698	54,434
Net income from continuing operations	170,986	225,599	28,355	130,452	105,998
Income from discontinued operations net of tax	58,059	41,902	66,513		56,662
Net income before allocation to non-controlling interests	229,045	267,501	94,868	130,452	162,660
Net (income) loss attributable to non-controlling interests joint ventures	(1,681)	(1,648)	131	(856)	(1,427)
Net income before non-controlling interests Principal Equityholders	227,364	265,853	94,999	129,596	161,233
Net (income) loss from continuing operations attributable to non-controlling interests Principal Equityholders(1)	(123,909)	(163,790)	1,442	(96,261)	(76,470)
Net income from discontinued operations attributable to non-controlling interests Principal Equityholders(1)	(42,406)	(30,594)	(51,021)		(41,381)
Net income available to Taylor Morrison Home Corporation	$ 61,049	$ 71,469	$ 45,420	$ 33,335	$ 43,382
Earnings per common share basic:					
Income from continuing operations	$ 1.38	$ 1.83	0.91	$ 1.07	$ 0.85
Income from discontinued operations net of tax	$ 0.47	$ 0.34	0.47	$	$ 0.46
Net Income available to Taylor Morrison Home Corporation	$ 1.85	$ 2.17	1.38	$ 1.07	$ 1.31
Earnings per common share diluted:					
Income from continuing operations	$ 1.38	$ 1.83	0.91	$ 1.07	$ 0.85
Income from discontinued operations net of tax	$ 0.47	$ 0.34	0.47	$	$ 0.46
Net Income available to Taylor Morrison Home Corporation	$ 1.85	$ 2.17	1.38	$ 1.07	$ 1.31
Weighted average number of shares of common stock:					
Basic	33,063	32,937	32,840	31,300	33,088
Diluted	122,384	122,313	122,319	120,870	122,412

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(dollars in thousands)	Year ended December 31, 2015	2014	2013	Nine months ended September 30, 2016	2015
Other Financial Data:					
Interest incurred(2)	$ 93,431	$ 88,872	$ 61,582	$ 66,296	$ 70,708
Depreciation and amortization	4,107	4,041	3,202	3,000	2,927
Adjusted home closings gross margin(3)	614,308	601,837	434,643	478,462	419,082
Adjusted home closings gross margin %	21.3%	23.0%	23.4%	21.1%	21.4%
Adjusted EBITDA(4)	$ 359,290	$ 378,191	$ 257,764	$ 268,992	$ 230,854
Adjusted EBITDA margin %	12.1%	14.0%	13.5%	11.4%	11.5%
Net Homebuilding Debt to Capitalization Ratio %(5)	41.0%	43.0%	39.5%	41.0%	43.3%

(dollars in thousands)	Year ended December 31, 2015	2014	2013	Nine months ended September 30, 2016	2015
Operating Data:					
Average active selling communities	259	206	158	312	268
Net sales orders (units)	6,681	5,728	5,018	5,803	5,241
Home closings (units)	6,311	5,642	4,716	4,944	4,243
Average sales price of homes closed	$ 458	$ 464	$ 394	$ 459	$ 461
Backlog at end of period (units)	2,932	2,252	2,166	3,855	3,560
Backlog at end of period (value)	$ 1,392,973	$ 1,099,767	$ 987,754	$ 1,871,877	$ 1,639,597

(dollars in thousands)	As of December 31, 2015	2014	2013	As of September 30, 2016
Balance Sheet Data:				
Cash and cash equivalents, excluding restricted cash	$ 126,188	$ 234,217	$ 193,518	$ 160,519
Land inventory	3,126,787	2,518,321	2,012,580	3,287,297
Total assets	4,122,447	4,111,798	3,419,285	4,273,451
Total debt(6)	1,668,425	1,715,791	1,238,457	1,685,860
Total equity	1,972,677	1,777,161	1,544,901	2,083,038

(1) Represents income attributable to non-controlling interests in TMM Holdings that are owned by the Principal Equityholders.

(2) Interest incurred is interest accrued on debt, whether or not paid and whether or not capitalized. Interest incurred includes debt issuance costs, modification fees and waiver fees. Interest incurred is generally capitalized to inventory but is expensed when assets that qualify for interest capitalization no longer exceed debt.

(3) Adjusted home closings gross margin is a non-GAAP financial measure used by management and our local divisions in evaluating operating performance and in making strategic decisions regarding sales pricing, construction and development pace, product mix and other operating decisions. We calculate adjusted home closings gross margin from U.S. GAAP home closings gross margin by adding impairment charges, if any, attributable to the write-down of communities, and the amortization of capitalized interest through cost of home closings. Management uses adjusted home closings gross margin to evaluate our operational and economic performance on a consolidated basis as well as the operational and economic performance of our segments. We believe adjusted home closings gross margin is relevant and useful to investors for evaluating our overall financial performance because it allows investors to evaluate the performance of our homebuilding operations without the often varying effects of interest costs capitalized. This measure is considered a non-GAAP financial measure and should be considered in addition to, rather than as a substitute for, the comparable U.S. GAAP financial measure as a measure of our operating performance. Although other companies in the homebuilding industry report similar information, the methods used may differ. We urge investors to understand the methods used by other companies in the homebuilding industry to calculate home closings gross margins and any

adjustments to such amounts before comparing our measures to those of such other companies.

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The following table sets forth a reconciliation of adjusted home closings gross margin to home closings gross margin, which is the U.S. GAAP financial measure that management believes to be most directly comparable:

(dollars in thousands)	Year ended December 31, 2015	2014	2013	Nine months ended September 30, 2016
Home closings revenue, net	$ 2,889,968	$ 2,619,558	$ 1,857,950	$ 2,271,154
Cost of home closings(a)	2,358,823	2,082,819	1,457,454	1,852,724
Home closings gross margin	531,145	536,739	400,496	418,430
Capitalized interest amortization(b)	83,163	65,098	34,147	60,032
Adjusted home closings gross margin	$ 614,308	$ 601,837	$ 434,643	$ 478,462
Home closings gross margin %	18.4%	20.5%	21.6%	18.4%
Adjusted home closings gross margin %	21.3%	23.0%	23.4%	21.1%

(a) Includes interest amortized through cost of home closings.

(b) Represents amortization of capitalized interest through cost of home closings.

For a reconciliation of adjusted home closings gross margin to home closings gross margin for the three and twelve months ended December 31, 2016, see Recent Developments .

(4) EBITDA and Adjusted EBITDA are non-GAAP financial measures used by management and our local divisions in evaluating operating performance and in making strategic decisions regarding sales pricing, construction and development pace, product mix and other operating decisions. EBITDA measures performance by adjusting net income to exclude interest, income taxes, depreciation and amortization. Adjusted EBITDA consists of EBITDA, adjusting for management fees paid to our Principal Equityholders, non-cash compensation expenses, gain on foreign currency forward, expenses related to the early extinguishment of debt and transaction fees and expenses and indemnification losses related to the Acquisition, the Reorganization Transaction and our initial public offering.

Management believes that the presentation of Adjusted EBITDA provides useful information to investors regarding our results of operations because it assists both investors and management in analyzing and benchmarking the performance and value of our business. Adjusted EBITDA provides an indicator of general economic performance that is not affected by fluctuations in interest rates or effective tax rates, levels of depreciation or amortization, or non-recurring items. Accordingly, our management believes that this measurement is useful for comparing general operating performance from period to period. Furthermore, the agreements governing our indebtedness contain covenants and other tests based on metrics similar to Adjusted EBITDA. The method of calculating Adjusted EBITDA for the periods presented in this prospectus supplement does not differ in any material respect from the method used for calculating Adjusted EBITDA for such periods if they were used for purposes of our indebtedness covenants. Our indebtedness covenants are generally based on Adjusted EBITDA for the trailing twelve-month period, a period not presented in this prospectus supplement. Nevertheless, based on conditions existing at the time of calculation, the calculation of Adjusted EBITDA for the indebtedness covenants may, in the future, include items (including items deemed non-recurring or unusual and certain pro forma cost savings) that are different from those that are currently reflected in the presentation of Adjusted EBITDA in this prospectus supplement. Other companies may define Adjusted EBITDA differently and, as a result, our measure of Adjusted EBITDA may not be directly comparable to Adjusted EBITDA of other companies. Although we use Adjusted EBITDA as a financial measure to assess the performance of our business, the use of Adjusted EBITDA is limited because it does not include certain material costs, such as interest and taxes, necessary to operate our business.

Adjusted EBITDA should be considered in addition to, and not as a substitute for, net income in accordance with U.S. GAAP as a measure of performance. Our presentation of EBITDA and Adjusted EBITDA should not be construed as an indication that our future results will be unaffected by unusual or nonrecurring items. Our EBITDA-based measures have limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results as reported under U.S. GAAP. Some of these limitations are:

they do not reflect every cash expenditure, future requirements for capital expenditures or contractual commitments, including for the purchase of land;

they do not reflect the significant interest expense or the cash requirements necessary to service interest or principal payments on our debt;

although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced or require improvements in the future, and our EBITDA-based measures do not reflect any cash requirements for such replacements or improvements;

they are not adjusted for all non-cash income or expense items that are reflected in our statements of cash flows;

they do not reflect the impact of earnings or charges resulting from matters we consider not to be indicative of our ongoing operations;

they do not reflect limitations on our costs related to transferring earnings from our subsidiaries to us; and

other companies in our industry may calculate these measures differently than we do, limiting their usefulness as comparative measures.

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Because of these limitations, our EBITDA-based measures should not be considered as measures of discretionary cash available to us to invest in the growth of our business or as measures of cash that will be available to us to meet our obligations. We compensate for these limitations by using our EBITDA-based measures along with other comparative tools, together with U.S. GAAP measurements, to assist in the evaluation of operating performance. These U.S. GAAP measurements include operating income (loss), net income (loss), cash flows from operations and cash flow data. We have significant uses of cash flows, including capital expenditures, interest payments, debt principal repayments, taxes and other non-recurring charges, which are not reflected in our EBITDA-based measures.

Our EBITDA-based measures are not intended as alternatives to net income (loss) as indicators of our operating performance, as alternatives to any other measure of performance in conformity with U.S. GAAP or as alternatives to cash flow provided by operating activities as measures of liquidity. You should therefore not place undue reliance on our EBITDA-based measures or ratios calculated using those measures. Our U.S. GAAP-based measures can be found in TMHC s consolidated financial statements and related notes incorporated by reference in this prospectus supplement.

	Year ended December 31,			Nine months ended September 30,	
	2015	**2014**	**2013**	**2016**	**2015**
Net income from continuing operations	$ 170,986	$ 225,599	$ 28,355	$ 130,452	$ 105,998
Interest expense (income), net	(192)	1,160	842	(149)	(165)
Amortization of capitalized interest(a)	83,163	65,165	34,894	60,032	58,603
Income tax provision (benefit)	90,001	76,395	(23,810)	66,698	54,434
Depreciation and amortization	4,107	4,041	3,202	3,000	2,927
EBITDA	348,065	372,360	43,483	260,033	221,797
Management fees(b)			1,239		
Non-cash compensation charge(c)	7,891	5,831	7,128	8,959	5,723
Gain on foreign currency forward	(29,983)				(29,983)
Early extinguishment of debt(d)	33,317		10,141		33,317
Transaction-related expenses and indemnification loss(e)			89,396		
TMHC IPO-related expenses(f)			106,377		
Adjusted EBITDA	$ 359,290	$ 378,191	$ 257,764	$ 268,992	$ 230,854

(a) Represents the interest amortized through cost of home and land closings.

(b) Represents management fees paid to our Principal Equityholders following the consummation of the Acquisition.

(c) Represents non-cash compensation expense related to the vesting of equity awards, including stock options and shares of restricted stock, granted to certain members of management and members of the Board of Directors.

(d) The 2013 figure reflects the write-off of an additional $4.6 million of unamortized deferred financing costs related to the retirement of $189.6 million aggregate principal amount of senior notes with a portion of the contributed proceeds from TMHC s initial public offering, net of the recognition of $7.3 million of premium from the redemption of senior notes that were issued on August 21, 2012. The 2015 figure reflects the redemption premium and write-off of unamortized deferred financing costs related to the retirement of $489.0 million aggregate principal amount of senior notes.

(e) Taylor Wimpey plc indemnified TMM Holdings for specific uncertain tax positions existing as of the date of the Acquisition. An indemnification receivable of $129.7 million was recorded at the time of the Acquisition. Due to the resolution of various tax positions, TMM Holdings recognized non-cash, pre-tax charges related to reversals of the indemnification receivable of $88.5 million in 2013 and paid certain success and transaction fees related to the indemnification reversal. The adjustment represents the elimination of the non-cash, pre-tax charges taken due to the reversal.

(f)

Represents (1) a $80.2 million non-cash, pre-tax equity compensation charge recognized in connection with the Reorganization Transactions and (2) a $29.8 million non-cash, pre-tax charge recognized in connection with the termination of a management services agreement in connection with the Reorganization Transactions.

For a reconciliation of EBITDA and Adjusted EBITDA to net income from continuing operations for the three and twelve months ended December 31, 2016, see Recent Developments.

(5) Net homebuilding debt to capitalization is a non-GAAP financial measure used by management to evaluate our performance and as an indicator of our total leverage, which we calculate by dividing (i) total debt, less unamortized debt issuance costs and mortgage warehouse borrowings, net of unrestricted cash and cash equivalents, by (ii) total capitalization (the sum of net homebuilding debt and total stockholders equity). Management uses the ratio of net homebuilding debt to capitalization to evaluate our performance against other companies in the homebuilding industry and believe it is also relevant and useful to investors for that reason.

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The following table sets forth a reconciliation of net homebuilding debt to total debt, which is the U.S. GAAP financial measure that management believes to be most directly comparable, and a calculation of our net homebuilding debt to capitalization ratio:

(dollars in thousands, except percentages)	Year ended December 31, 2015	2014	2013	Nine months ended September 30, 2016
Total debt(6)	$ 1,668,425	$ 1,715,791	$ 1,238,457	$ 1,685,860
Unamortized debt issuance costs	14,843	21,315	19,273	13,092
Less mortgage warehouse borrowings	183,444	160,750	74,892	91,166
Total homebuilding debt	**1,499,824**	**1,576,356**	1,182,838	**1,607,786**
Less cash and cash equivalents	$ 126,188	$ 234,217	$ 193,518	$ 160,519
Net homebuilding debt	**1,373,636**	**1,342,139**	989,320	**1,447,267**
Total equity	1,972,677	1,777,161	1,544,901	2,083,038
Total capitalization	**3,346,313**	**3,119,300**	2,534,221	**3,530,305**
Net homebuilding debt to capitalization ratio	41.0%	43.0%	39.0%	41.0%

For a reconciliation of net homebuilding debt to total debt and a calculation of our net homebuilding debt to capitalization ratio for the three and twelve months ended December 31, 2016, see Recent Developments .

(6) Total debt is presented net of debt issuance cost. During the quarter ended March 31, 2016, prior period debt issuance costs were reclassified from prepaid expenses and other assets to debt liability. For more information, see Note 2 of the consolidated financial statements of TMHC for the quarter ended March 31, 2016, incorporated by reference in this prospectus supplement.

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Risk factors

An investment in our Class A common stock involves a high degree of risk. Before deciding whether to invest in our Class A common stock, you should consider carefully the risks described below and in the section captioned Risk Factors contained in our Annual Report on Form 10-K for the year ended December 31, 2015, which are incorporated by reference in this prospectus supplement and the accompanying prospectus in their entirety, together with other information in this prospectus supplement, the accompanying prospectus, the information and documents incorporated by reference, and in any free writing prospectus that we have authorized for use in connection with this offering. If any of the described events actually occur, our business, operating results, prospects or financial condition could be materially and adversely affected. This could cause the trading price of our common stock to decline, and you may lose all or part of your investment. The risks described below and in the document referenced above are not the only ones that we face. Additional risks not presently known to us or that we currently deem immaterial may also affect our business operations.

Risks related to this offering

The share price for our Class A common stock may fluctuate significantly.

The offering price of our Class A common stock in this offering will be determined by negotiation among us and the representative of the underwriters and may not be representative of the price prevailing in the open market before or after this offering.

The market price of our Class A common stock after this offering may be significantly affected by factors such as quarterly variations in our results of operations, changes in government regulations, the announcement of new contracts by us or our competitors, general market conditions specific to the homebuilding industry, changes in general economic conditions, volatility in the financial markets, differences between our actual financial and operating results and those expected by investors and analysts and changes in analysts recommendations or projections. These fluctuations may adversely affect the market price of our Class A common stock and cause you to lose all or a portion of your investment.

These and other factors may lower the market price of our Class A common stock, regardless of our actual operating performance. As a result, our Class A common stock may trade at prices significantly below the public offering price.

Furthermore, in recent years, the stock market has experienced significant price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in our industry. The changes frequently appear to occur without regard to the operating performance of the affected companies. Hence, the market price of our Class A common stock could fluctuate based upon factors that have little or nothing to do with us, and these fluctuations could materially reduce the market price of our Class A common stock and materially affect the value of your investment.

A substantial portion of our total outstanding shares may be sold into the market at any time. This could cause the market price of our Class A common stock to drop significantly, even if our business is doing well.

The market price of our Class A common stock could decline as a result of sales of a large number of shares of our Class A common stock or the perception that such sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and price that we deem appropriate. As of January 27, 2017, after giving effect to this offering and the use of the net proceeds therefrom, we would have had 40,486,858 shares of Class A common stock outstanding.

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In addition, upon consummation of this offering, the TPG and Oaktree holding vehicles and certain members of our management and our Board of Directors will beneficially own an aggregate of approximately 66.1% of the outstanding partnership interests in New TMM and 78,940,914 shares of our outstanding Class B common stock (or approximately 64.8% of New TMM Units and 77,440,914 shares of our Class B common stock if the underwriters exercise their option to purchase additional shares in full). In addition, affiliates of TPG, other than the TPG holding vehicle, own an additional approximately 1.5 million shares of our Class A common stock. Pursuant to the terms of the Exchange Agreement (the Exchange Agreement), dated as of April 9, 2013, by and among the Company, the Principal Equityholders and certain members of the Company s management, the limited partners of New TMM (other than TMHC) are able to exchange their New TMM Units (along with the corresponding number of shares of our Class B common stock) for shares of our Class A common stock on a one-for-one basis. Shares of our Class A common stock issuable to the limited partners of New TMM upon an exchange of New TMM Units as described above would be considered restricted securities, as that term is defined in Rule 144 under the Securities Act of 1933, as amended (the Securities Act), unless the exchange is registered under the Securities Act. We and certain of the existing holders of New TMM Units who are party to the Exchange Agreement and certain holders of our Class A common stock will also agree with the underwriters not to sell, otherwise dispose of or hedge any Class A common stock or securities convertible or exchangeable for shares of Class A common stock, including the New TMM Units and the Class B common stock, subject to specified exceptions, during the period from the date of this prospectus supplement continuing through the date that is 75 days after the date of this prospectus supplement, except with the prior written consent of the representative of the underwriters. After the expiration of the 75-day lock-up period, these shares of Class A common stock, including the shares issuable upon exchange of New TMM Units, will be eligible for resale from time to time, subject to certain contractual restrictions and the requirements of the Securities Act.

We have an effective registration statement under the Securities Act, which registered 7,956,955 shares of our Class A common stock reserved for issuance under our 2013 Plan, and an effective shelf registration statement under the Securities Act, which registered the resale of 1,401,296 shares of our Class A common stock issuable upon exchange of New TMM Units (and corresponding shares of Class B common stock) by certain members of our management.

If we raise additional capital through the issuance of new equity securities at a price lower than the offering price, you will incur dilution.

If we raise additional capital through the issuance of new equity securities at a lower price than the offering price, you will be subject to dilution, which could cause you to lose all or a portion of your investment. If we are unable to access the public markets in the future, or if our performance or prospects decrease, we may need to consummate a private placement or public offering of our Class A common stock at a lower price than the offering price. In addition, any new securities may have rights, preferences or privileges senior to those securities held by you.

We do not expect to pay any dividends in the foreseeable future.

In the past we have not paid dividends on our Class A common stock. We do not currently intend to pay dividends on our Class A common stock and we intend to retain our future earnings, if any, to fund the development and growth of our business. In addition, the terms of certain existing and any future debt agreements may preclude us from paying dividends. As a result, capital appreciation, if any, of our Class A common stock may be your sole source of gain for the foreseeable future.

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If securities analysts do not publish research or reports about our Company, or if they issue unfavorable commentary about us or our industry or downgrade our Class A common stock, the market price of our Class A common stock could decline.

The trading market for our Class A common stock depends in part on the research and reports that third-party securities analysts publish about our Company and our industry. One or more analysts could downgrade our Class A common stock or issue other negative commentary about our Company or our industry. In addition, we may be unable or slow to attract additional research coverage. Alternatively, if one or more of these analysts cease coverage of our Company, we could lose visibility in the market. As a result of one or more of these factors, the market price of our Class A common stock could decline and cause you to lose all or a portion of your investment.

Non-U.S. Holders may be subject to taxes (including withholding taxes) on payments in connection with a disposition of shares of our Class A common stock.

Because we believe that we are currently a United States real property holding corporation for U.S. federal income tax purposes, upon a sale or disposition of our Class A common